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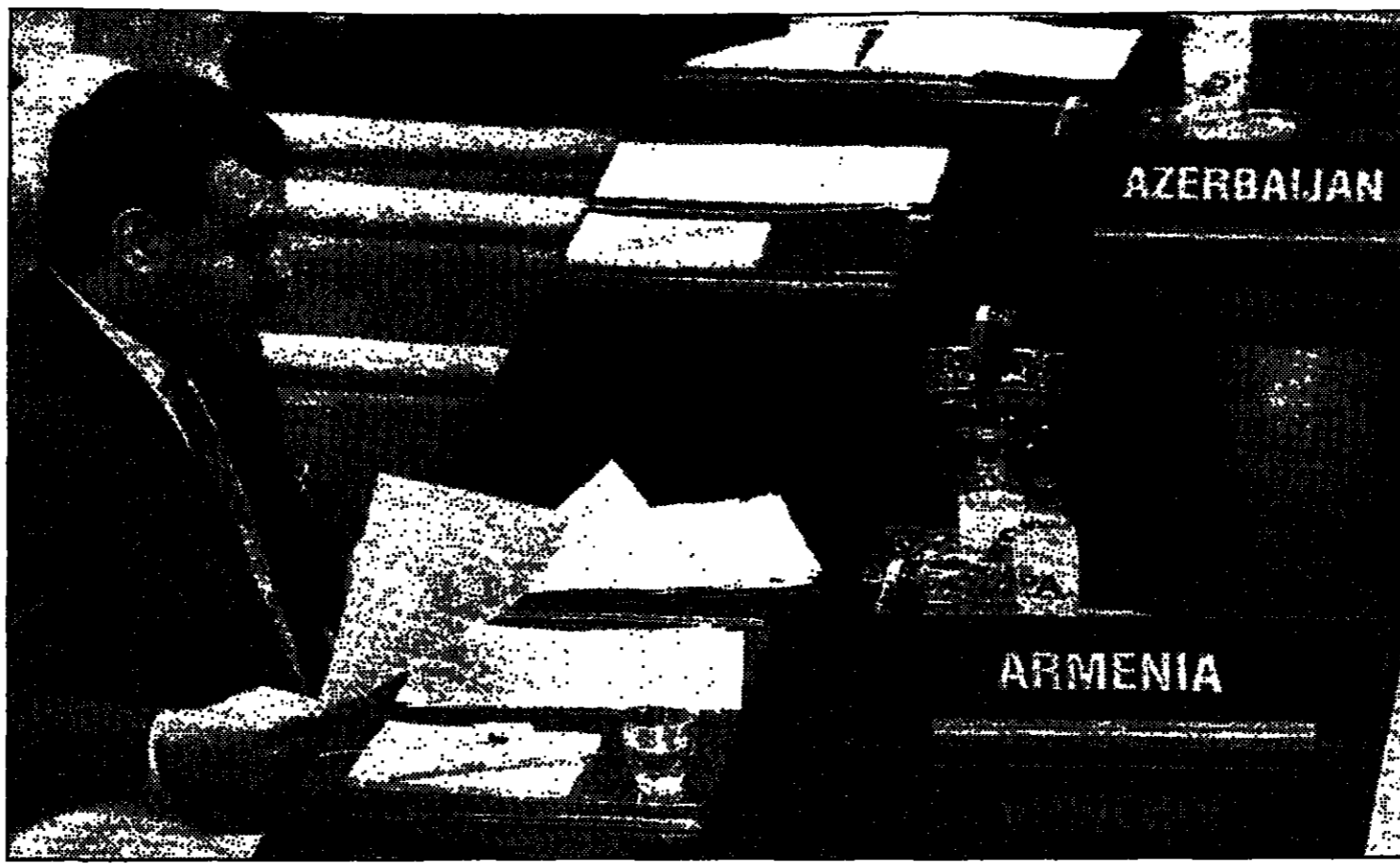
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PARIS, WEDNESDAY, MARCH 11, 1992

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Isolationism Has America In Its Grip Mood Hits as World Looks for Leadership

By David Hoffman Washington Post Service WASHINGTON — Domestic economic strains and the inward-looking mood of American voters are limiting the reach of U.S. foreign policy...



Foreign Minister Raffi Hovannisian of Armenia checking papers at the NATO meeting Tuesday in Brussels. His Azerbaijani neighbor arrived late.

NATO Welcomes Ex-Soviet States To New Council Military Partnership Seeks Truce in Armenian Enclave

By William Drozdiak Washington Post Service BRUSSELS — The NATO allies on Tuesday extended their reconciliation with former adversaries by welcoming 10 former Soviet republics into the North Atlantic Cooperation Council...

North Korean Ship Eludes U.S. to Reach Iran

By John Lancaster Washington Post Service WASHINGTON — A North Korean cargo ship believed to be carrying Scud missiles to Iran and Syria showed up at the Iranian port of Bandar Abbas on Monday after apparently giving the ship to U.S. Navy ships that had been ordered to intercept it...

Falling in Polls, Bush to Shift Strategy to Congress-Bashing

By Ann Devroy and Richard Morin Washington Post Service WASHINGTON — President George Bush plans to curtail his direct campaigning and recast his message to the American people next week in a national address that will serve as a new 'line of demarcation' in his re-election quest...

'Penny-Ante Game' on Russia Nixon Assails Bush on a Lost Opportunity

By Thomas L. Friedman New York Times Service WASHINGTON — Former President Richard Nixon has sharply criticized President George Bush and Secretary of State James A. Baker 3d for what he calls the administration's pathetic support of the democratic revolution in Russia...



President Bush responding to Richard Nixon's criticism of his administration's policy on Russia.

Armenian Guerrillas Take Officers Hostage

By Fred Hiatt Washington Post Service MOSCOW — The former Soviet Army became further embroiled in the escalating conflict between Armenia and Azerbaijan on Tuesday when Armenian militants seized 10 officers and threatened to kill them unless the army turned over a huge quantity of arms and ammunition...

Lenin's Corpse: From Communist Icon to Capitalist Trophy

By Michael Dobbs Washington Post Service MOSCOW — Americans determined to acquire the 'ultimate communist piece' have submitted bids ranging from \$1,000 to \$7 million for the corpse of Vladimir Ilyich Lenin, the founder of Soviet Russia...

Turks' Attack on Kurds Unabated

ANKARA (AP) — Turkish planes on Tuesday attacked Kurdish guerrilla bases in northern Iraq for the second consecutive day, the government said. The planes bombed a Kurdish Labor Party camp of 13 tents located nine kilometers (five miles) from the Turkish border...

Sister of Gotti Informant Is Shot

NEW YORK (AP) — The sister of an organized crime defector who testified against a relative of John Gotti and may also testify against Mr. Gotti was shot and seriously wounded by masked gunmen Tuesday, the police said.

Market data section including Dow Jones, The Dollar, and Business/Finance news.

Primary Numbers Add Up, Spelling 'Bush' and 'Clinton'

By Paul F. Horvitz
WASHINGTON — Ultimately, politics is numbers, and the numbers for Governor Bill Clinton of Arkansas mounted substantially on Tuesday. So did the numbers for President George Bush.

The viability of the third Democrat remaining in the race, former Governor Edmund G. (Jerry) Brown Jr. of California, is clouded, but his low-budget effort is almost certain to last to the convention.

Mr. Thompson must win either Illinois or Michigan, regardless of the Super Tuesday outcome, many analysts believe. Connecticut, adjacent to his home state of Massachusetts, appears to be fertile territory for him. He remains the most credible alternative to Mr. Clinton, whose reputation has been affected by questions about his character.



Senator Bob Graham of Florida, left, with a fellow Democrat, Governor Bill Clinton of Arkansas, at a Florida synagogue where Mr. Clinton took time to chat with his ally, a former governor of the state.

WORLD BRIEFS

Iraqi Sees UN Official on Arms Crisis
UNITED NATIONS, New York (AP) — Iraq's top diplomat met the Security Council president Tuesday in preparation for a showdown over UN efforts to destroy Iraq's unconventional weapons and protect its oppressed Kurdish minority.

Bomb at Rail Station Ties Up London
LONDON (Combined Dispatches) — A bomb exploded outside Wandsworth train station in southwest London at the start of the morning rush hour on Tuesday, causing no injuries but seriously disrupting train services.

Israel to Persist on Loan Guarantees
JERUSALEM (APF) — Israel will persist in its quest for \$10 billion in U.S. loan guarantees despite Washington's demands for a freeze on Israeli settlements in the occupied territories, Prime Minister Yitzhak Shamir said Tuesday.

Never Again, U.S. Tells Cambodians
PHNOM PENH (APF) — The United States will help ensure that Cambodia never suffers another wave of mass murder, Richard H. Solomon, a State Department official, pledged Tuesday as he visited a memorial to the Khmer Rouge's reign of terror.

Noriega Declines to Testify at Trial
MIAMI (AP) — Manuel Antonio Noriega said Tuesday that he would not take the stand in his own defense at his drug and racketeering trial.

MOOD: As Eastern Nations Look to America for a Boost, America Contemplates Its Woes

do anything contrary to his program on the stump.
The Democratic presidential candidates have focused their campaigns on domestic issues, too, trying to exploit voter restiveness over a stagnant economy and unmet needs at home.

"This is the hinge of fate — we can give Yeltsin a chance," said Michael Mandelbaum of the Johns Hopkins University School of Advanced International Studies, who is a specialist on East-West relations.

Senate subcommittee handling the issue, said recently that Congress would not approve it, because voters were already satisfied with current levels of foreign spending.

Israeli to See Cheney in U.S.
TEL AVIV — Defense Minister Moshe Arens will travel this week to the United States, where he will meet Defense Secretary Dick Cheney. Mr. Arens's office announced Tuesday.

Subscription advertisement for the Herald Tribune. Includes text: 'Two Extra Months FREE with a 12-month subscription', 'Save up to 50% on the HT — plus \$2 free issues. Mail your order today or call us toll-free. Germany: 0130-84 8585. Rates go up April 1st.' Includes a table with subscription rates for various countries and a coupon for the subscription.

NIXON: Bush 'Short on Action' for the Needy East

(Continued from page 1)
almost forsaken the foreign-policy front as he concentrates on his re-election. Administration foreign-policy experts have been complaining privately that the president has become overly concerned about the isolationist trend in the country — which his main Republican rival, Patrick J. Buchanan, has been encouraging.

Yeltsin goes down, the question 'Who lost Russia?' will be an infinitely more devastating issue in the 1990s.
The Democratic presidential candidates, none of whom has much experience in foreign policy, have not been much more aggressive than the president on the Russian aid issue.

Georgia Names Shevardnadze

Washington Post Service
MOSCOW — Eduard A. Shevardnadze, former Soviet foreign minister and an arch rival of Mikhail S. Gorbachev of perestroika, was named provisional leader of the former Soviet republic of Georgia on Tuesday.

ENCLAVE: Armenians Capture Ex-Soviet Officers

(Continued from page 1)
urged the global community to use all efforts to mediate a solution to the conflict. He said Russia alone would not intervene, because it fears being accused of "imperial ambitions."

General Stolyarov, a Shaposhnikov aide, appeared to welcome Mr. Rutskoi's suggestion, but he also made clear that former Soviet forces would not hesitate to intervene in order to save the hostages.

BUSH: A New Strategy

(Continued from page 1)
ers have called on Mr. Bush to give a nationally televised address on March 20 or soon afterward to take the Democratic-controlled Congress to task for failing to pass his plan and to formally veto the Democratic budget proposal.

TRAVEL UPDATE

Northwest Airlines is reviving cheap 30-day advance purchases that the industry abandoned some time ago. American Airlines quickly matched the new nonrefundable domestic fares, which will provide savings of up to 10 percent for travelers who can plan their trips in advance.

The Weather



A table with exchange rates for various international locations. It is organized into columns for 'Europe', 'Asia', 'Africa', and 'Oceania'. Each column lists city names and their corresponding exchange rates.

Advertisement for 'Dimitri's Grill'. Features a list of restaurant locations: AMSTERDAM, PARIS 15th, PARIS 17th, DUBLIN, POLO I, PARIS 1st, CARR'S AUBERGE DE FRANCE, PARIS 7th, THOUMELIX, AL GOLDENBERG, CHEZ FRED, DA MEO PATACCA, VIENNA, and KERVANSARAY. Each location includes a brief description of the restaurant's offerings.

Advertisement for 'WORLDWIDE ENTERTAINMENT'. Features a poster for 'CRAZY HORSE jubilee show' with a picture of a horse and rider. Text includes 'Call or write for information' and 'Pacific Western University, 600 N. Sepulveda Blvd., Dept. 23, Los Angeles, CA 90049'.

A vertical strip of various small advertisements on the right edge of the page. Includes 'Afghan U...', 'AMERICAN TOPICS', 'U.S. to Stop Issuing Israel-Only Passports', 'SPORTS & GUIDES', 'RECYCLE '92', 'COMMERCIAL/INDUSTRIAL REAL ESTATE', 'RENTALS', and 'AGEDI'.

Afghan Uses Anti-Islamist Battle Cry to Draw Aid From U.S.

By Edward A. Gargan
New York Times Service
KABUL — Abandoned by his former benefactors in Moscow and adrift in the new politics of the region, Afghanistan's president has made an impassioned appeal to the United States to help his country become a bulwark against the spread of Islamic fundamentalism in Central Asia.

in a future Afghanistan as well as his awareness of his country's desperation.
"We have a common task, Afghanistan, the United States of America and the civilized world, to launch a joint struggle against fundamentalism," said General Najibullah, who then described what he thought would happen to his country if Islamic extremists took power.

Then, with the final disintegration of the Soviet Union in December, Afghanistan's last source of assistance disappeared. General Najibullah found himself alone in the world and all but ignored.
In recent months, the UN peace plan has begun to show signs of life.
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AMERICAN TOPICS

U.S. to Stop Issuing Israel-Only Passports
Under a mandate from Congress to end the practice of issuing passports valid only for travel to Israel, the State Department is abolishing geographically limited travel documents. The New York Times reports that Israel and South Africa have been the only two countries for which such passports were normally issued.



DIGGING OUT — A woman clearing off her car after 8 inches of snow fell in Denver. Other areas of Colorado were covered by 2 feet of snow as a blizzard swept the state on Sunday and Monday.

About People
General Electric's chairman, John F. Welch Jr., nicknamed Neutron Jack for his reputation of eliminating people while leaving buildings standing, is now preaching corporate pacifism. In the 1980s, Mr. Welch erased 100,000 jobs at GE, leaving 284,000. Now, he says in the company's annual report, "we cannot afford management styles that suppress and intimidate." Even

so, the old steel is still there, Mr. Welch makes clear. He writes that managers must trust and respect their workers and be "open to ideas from anywhere," for GE "will part company with them if they cannot."

in urging Congress to mandate that films that have been shortened, colorized or otherwise tampered with for television be clearly labeled as such. Given the objections of the television industry and civil liberties activists, such action is not considered likely. Mr. Scorsese underscored one of the common practices by complaining that "Taxi Driver" and others, his fellowed other Hollywood notables

Ingrid Bergman's poignant gaze when Humphrey Bogart says a farewell "Here's looking at you, kid," were merely a glance.
A thoroughbred currently racing on East Coast tracks is named Iseverybodyhappy. When the track announcer calls his name, the crowd roars in the affirmative.

Lawyer Fails to Trip Up Mafia Informant's Story

By Arnold H. Lubasch
New York Times Service
NEW YORK — A defense lawyer failed to shake the testimony of Salvatore Gravano that the four gunmen who killed the Mafia chief Paul Castellano all wore white raincoats and Russian fur hats.

He recalled planning the murder of Mr. Castellano, whom he depicted as the boss of the Gambino crime family, and said he and Mr. Goti met with the team of gunmen in a park shortly before the slaying on Dec. 16, 1985.
"Anybody who told the others that their general assignments would be?" Mr. Goti's lawyer, Albert J. Krieger, asked him.
"Any," Mr. Gravano said Monday on his third day of cross-examination in the racketeering-murder trial in U.S. District Court in Brooklyn.
"Was not a shock to you that they came in white coats, was it?" Mr. Krieger asked.

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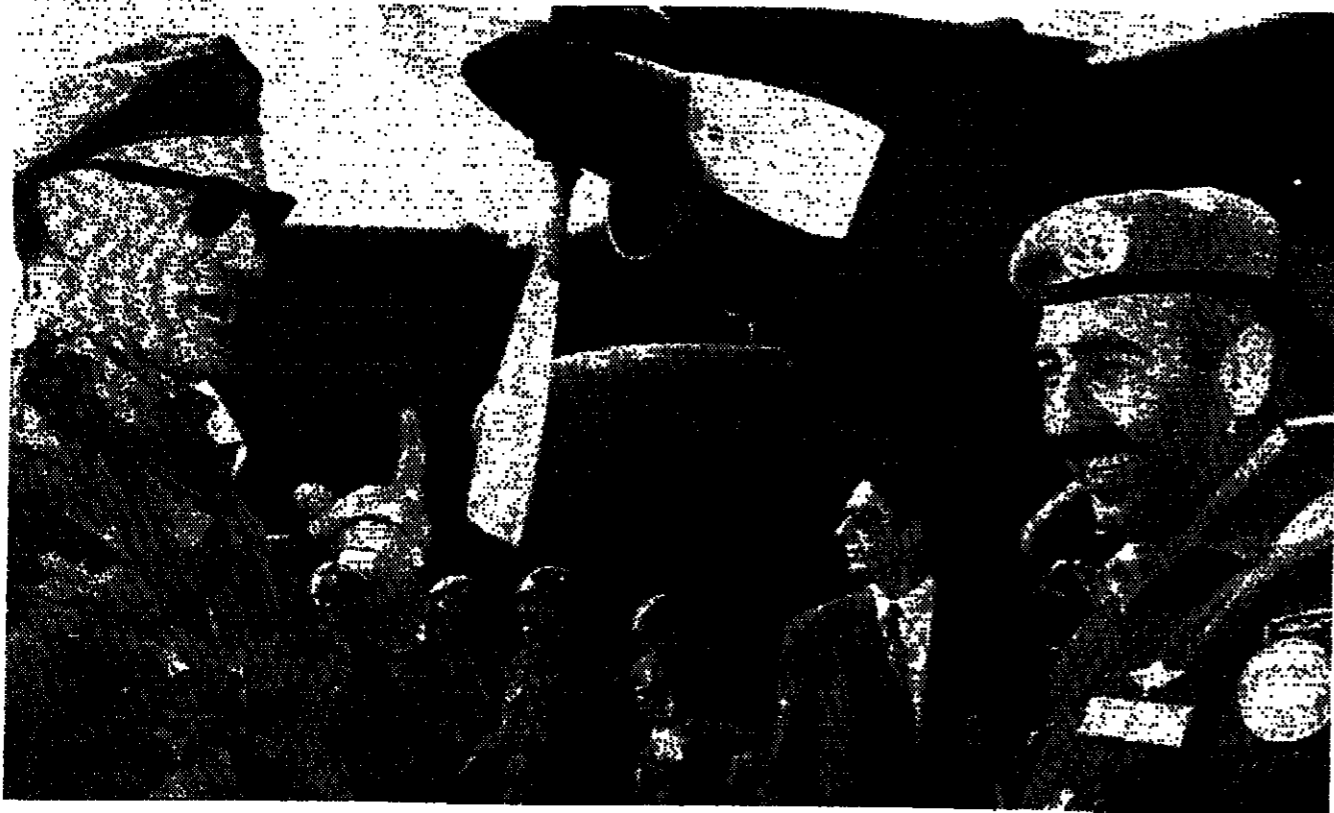
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A Colonel Panovic of the Yugoslav Army, left, greeting Colonel Mohammed Abdel Cadar, head of a United Nations team that arrived Tuesday in Belgrade. Advance teams of the UN forces began preparing the way Tuesday for the deployment of 14,000 UN troops.

EUROPE: NATO Welcomes Ex-Soviet States in a Military Partnership

(Continued from page 1)
participate in military planning sessions. France is not expected to attend when defense ministers of the cooperation council meet next month to discuss the military implications of the plans approved Tuesday.

But Eastern representatives expressed satisfaction with the starting transition Tuesday toward close military cooperation, which will be accelerated as new funds are invested in building up the East-West security relationship.

"This was more than a meeting of erstwhile enemies," said the Russian foreign minister, Andrei Kozyrev. "Our countries now share certain values as friends and may soon become allies in maintaining security."

The cooperation council was established by President George Bush and other NATO leaders at their summit meeting in Rome last November. It was designed to build new bridges with their old enemies while stopping short of offering full membership in NATO.

LENIN: Time Out for Gorbachev Demon as Trophy On His Visit to Germany

(Continued from page 1)
given much thought to the problem of how to maintain the dead Bolshevik in the style to which he has become accustomed.

"I don't think my wife would allow me to keep Lenin at home," Mr. Bevil said by phone from Houston, where he works for an investment firm. "It wouldn't go with the furniture. Besides, our home is not big enough."

Compiled by Our Staff From Dispatches
BONN — Mikhail S. Gorbachev, the president without a country, has become a man without a watch — and the police are looking for an elderly German who they believe made off with the timepiece as the former Soviet leader was shaking the hands of well-wishers.

SCUDS: Cargo Ship Eludes U.S. Navy to Reach Iran

(Continued from page 1)
allowed to continue after declaring its cargo as steel and drilling equipment.

"But again, as is the case with the other ship, we can't be certain of what the cargo is," Mr. Williams said.

said the navy had made at best a halfhearted effort to find the vessel.

Elephant Trade Ban Sags Under Pressure

By T.R. Reid
Washington Post Service
KYOTO, Japan — The global ban on trade in African ivory and other elephant products seemed to be in danger Tuesday as southern African nations threatened to renew sales of elephant meat and hides to enhance their economies.

German Quits Politics Over Role In Executing Jews

Compiled by Our Staff From Dispatches
POTSDAM, Germany — A prominent Eastern German politician quit politics Tuesday after admitting that he had taken part in the execution by firing squad of Ukrainian Jews in World War II.

U.S. and EC Far Right Gains Momentum Among the Frustrated French

Washington Post Service
LYON — The national mood for his message has rarely, if ever, been more propitious. The French are fed up with the political establishment, angry over tales of corruption, nervous about rising immigration and worried about losing jobs and control of the nation's destiny.

Jean-Marie Le Pen, the leader of the extreme-right National Front, exudes confidence as he contemplates the kind of breakthrough in important regional elections this month that his party has been waiting to achieve since its birth two decades ago.

Alarmed by the resonance of Mr. Le Pen's message around the country, the Socialists have tried to galvanize a grumpy, disillusioned electorate with a frightening portrayal of a xenophobic demagogue who would force 4 million Arab and African immigrants out of the country under the guise of giving France back to the French.

A joint statement said the United States would give "rapid and positive consideration" to recognition requests by Croatia and Slovenia. The EC recognized them as independent in January.

"The pendulum of history is swinging in our direction," he said. "For many years, world politics was dominated by notions like internationalism and socialist utopias. Now it is being shaped by concerns like order, nationhood and family."

Bernard Tapie, a Marseille tycoon and ally of President Francois Mitterrand who is running his Socialist-backed "Energy South" candidates against the Front in its southern stronghold, calls Mr. Le Pen "a reimagined Nazi" who will use any means to secure power if he does not win at the ballot box.

The statement, issued after talks between Secretary of State James A. Baker 2d and EC foreign ministers, said the two sides would give positive consideration to recognition requests by Bosnia-Herzegovina and Macedonia once EC concerns about these were resolved.

Across Western Europe, voters have turned in growing numbers to the extreme right to express anxiety and insecurity about the future. More than anything, they seem to fear that their societies will not be able to sustain unprecedented levels of postwar prosperity and benefits against the hordes of have-nots from Northern Africa and Eastern Europe who are knocking on the door.

Prime Minister Edith Cresson has also lashed out at Mr. Le Pen and what he represents, saying that voters should remember what kind of country would result if his party achieved a significant role in regional and municipal institutions.

He said Washington had not followed the EC's lead at the time in recognizing Croatia and Slovenia because of concerns that this would harm peace efforts. He said the two sides had "disagreed agreeably."

In Belgium and the Scandinavian countries, far-right parties have recently scored electoral breakthroughs by embracing xenophobic and anti-establishment platforms pioneered by the National Front. In Germany, a vocal neo-Nazi movement has attracted a lot of attention because of its attacks on immigrants, but not many votes.

Under the pretext of ensuring civil order, socialists and conservative mayors alike have sought to prevent the National Front from using public halls for their rallies. Several meetings of the far-right party have been disrupted by protesters.

Foreign Minister Hans-Dietrich Genscher, whose government pressed strongly for EC recognition of Croatia and Slovenia, said the U.S.-EC decision to coordinate policy would have a stabilizing effect on Yugoslavia.

But in France, where Mr. Le Pen's party has evolved into the largest and most influential extreme-right political organization in Europe, the far-right phenomenon is poised to acquire dramatic momentum if the National Front should fulfill polling predictions by capturing more than 20 percent of the vote in Lyon, the second-largest city, and as much as 30 percent in such important regions as Provence-Alpes-Cote d'Azur in the south.

Mr. Le Pen has seized upon these incidents to depict himself and his party as victims of undemocratic forces who are trying to prevent the public from hearing his political message.

The EC president, Jacques Delors, said the Community might lift economic sanctions against Serbia, the only Yugoslav republic now targeted in this way, if Belgrade ended its own economic restrictions against other republics.

Only the far right, with its anti-immigrant platform, and the ecologists are showing signs of a surge in electoral support.

"This is nothing but a plot against the spirit of freedom and democracy," Mr. Le Pen said after he was prevented again Monday from addressing a rally in Lyon because the conservative mayor, Michel Noir, barred the National Front from a hall.

The ministers vowed Tuesday to put the treaty into force by the time that a meeting of government leaders from countries in the Conference on Security and Cooperation in Europe takes place in Helsinki.

"We can no longer be considered just an accident in French political life," Mr. Le Pen said in an interview. "We are succeeding in winning over new voters, while the other parties are losing them. That's what they cannot stand."


Mr. Le Pen dismissed as "a calumny" the frequent charge that he is racist or anti-Semitic.

Mr. Williams, expressing a view that Mr. Baker later said he fully endorsed, declared that such a possibility was not being excluded but it was premature to discuss that step now.

Mr. Le Pen employs an evangelist's style on the stump, using clip-on microphones that allow him to roam a stage and establish better contact with an audience than he would from a podium.

But it is the message that his supporters come to hear: the pugnacious defense of national heritage, the sly digs at foreigners, minorities and Jews that appeal to overt or latent prejudices.

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Proposed

By Joseph Fitch
WASHINGTON — The Pentagon's policy statement that increases a one-year period in which no collection of arms is allowed to become a rival reflection of the American military mission to define a robust mission for the post-Cold War era.

Should this draft policy be issued to the military chiefs under Defense Secretary Cheney's signature, the Bush administration will find itself at odds with a number of international allies and with the Defense Department's own Congress.

And perhaps more problematically, the Pentagon vision of the new mission will be debated within the Republican Party. Patrick J. Buchanan, who is expected to be the Pentagon's presidential pick, has said the Pentagon prescription to define a robust mission for the post-Cold War era is "the ultimate test of our security."

"This is a formula for endless intervention in quarrels and war with nations of the United States is really a blank check given to all of our allies and allies that we'll go to war with them."

Pentagon

By Patrick E. Tyler
New York Times Service
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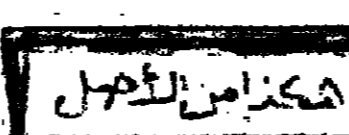
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Flurry of Alliances Points Way to Future Advances

In the world of information technology, the emphasis is now on "downsizing," but there are still plenty of opportunities left in multimedia products, software, open systems and the underdeveloped markets of the former Eastern bloc. With margins slipping and profits tumbling, alliances rule the day.

A recent IDATE (European Audiovisual and Telecommunications Institute) study shows a \$316-billion world market split equally between IT equipment and services in 1991. But with the software market growing by 18 percent annually, nearly twice the rate of hardware, the report predicts a \$660-billion services market versus only \$350 billion for hardware by the end of the decade.

At present, personal computer margins are paper-thin, and ever-smaller systems pack ever-more power into

three of the machines, sells only one in eight.

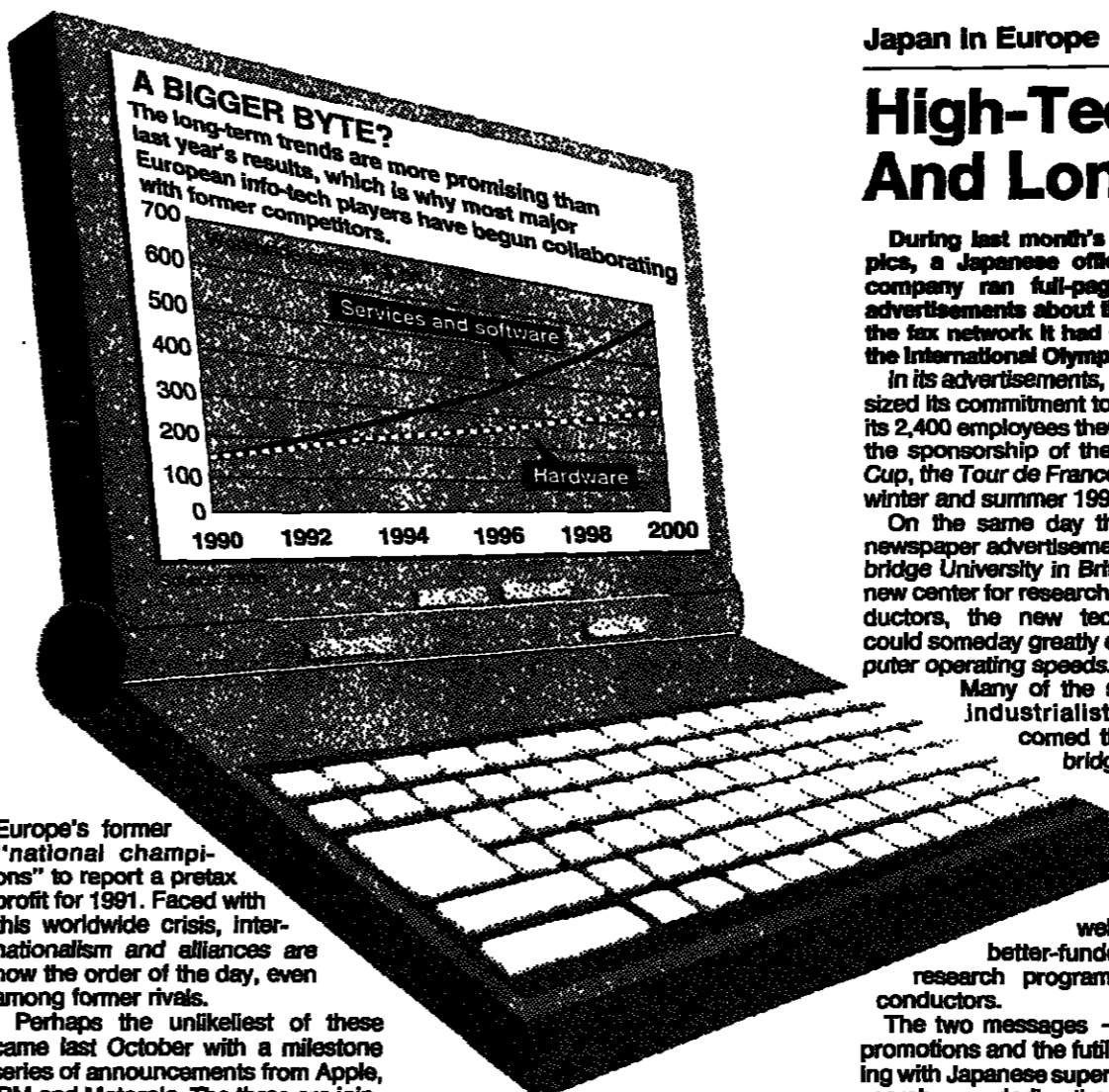
Faced with increasing competition on all fronts, few companies can continue to cover the entire product spectrum. Rather than driving for size, most players are engaged in trans-Atlantic trade-offs.

The trend first emerged in the United States last June, when IBM bought into Wang's business but, rather than taking over the company, helped refinance it as a ready-made outlet for re-labeled IBM products.

Wang, once an industry leader in its own right, is by no means the only company to be experiencing difficulties. This January, after one of the toughest years in the company's history, IBM declared its first-ever annual loss. With sales down 6 percent to \$64.8 billion, the company went into the red to the tune of \$2.8 billion.

In Japan, flagging demand recently forced Toshiba to revise its profit forecast downward by nearly half, to 70 billion yen (\$546 million). Hitachi expects pretax profits to be significantly lower than anticipated, while Sony recorded a loss of 20 million yen for the year ending March 1992. Also in February, Japan's personal computer industry reported a 17-percent drop in sales for the previous quarter and predicted annual sales would be down for the first time ever.

The story is the same in Europe, from Amstrad — which just posted its first-ever pretax loss — to the French industry flagship Bull. Siemens, the German powerhouse, is still struggling to assimilate Nixdorf (but has the chance to expand east). Even though Olivetti has eliminated over 10,000 jobs, its losses continue to climb. ICL, which along with Finland's Nokia has been snapped up by Fujitsu, will probably be the only one of



Europe's former "national champions" to report a pretax profit for 1991. Faced with this worldwide crisis, internationalism and alliances are now the order of the day, even among former rivals.

Perhaps the unlikely of these came last October with a milestone series of announcements from Apple, IBM and Motorola. The three are joining forces to develop a new generation of powerful personal computers using RISC technology, cooperate in developing advanced systems software, tie their products together in open systems networks and swap know-how to build audiovisual applications.

"These agreements are the foundation for a renaissance," says John Sculley, Apple chairman and chief executive officer. "We're building new

foundation technologies that will be a framework of innovation across a vast array of industries."

Hot on their heels, Toshiba and Siemens announced in November that they would tie up to develop RISC microcomputers based on technology developed by MIPS Computer Systems in the United States. This move could eventually erode U.S. micro-

Continued on Page 11

Japan In Europe / Here to Stay

High-Tech, Low Margins And Long-Term Investment

During last month's Winter Olympics, a Japanese office-automation company ran full-page newspaper advertisements about the success of the International Olympic Committee.

In its advertisements, Ricoh emphasized its commitment to Europe, from its 2,400 employees there to its role in the sponsorship of the rugby World Cup, the Tour de France and both the winter and summer 1992 Olympics.

On the same day that the Ricoh newspaper advertisements ran, Cambridge University in Britain opened a new center for research on superconductors, the new technology that could someday greatly enhance computer operating speeds.

Many of the scientists and industrialists who welcomed the new Cambridge center also noted that it was probably too little and too late to challenge well-established, better-funded Japanese research programs on superconductors.

The two messages — Ricoh's fax promotions and the futility of competing with Japanese superconductor research — underline the scope of Japanese influence on information technology in Europe. From basic consumer products to "big science," Japan and Japanese companies are having a profound impact on European IT.

Lagging behind both Japanese and U.S. companies in financing and technology in the 1980s, European computer manufacturers were slow to look away from their cozy national markets to the new global competi-

tion. By dominating semiconductor manufacturing and taking the initiative in new technologies, Japanese firms became much more adept than European companies in getting new products to the European market. Toshiba, for instance, seized the lion's share of a booming new market by introducing the first laptop computer to Europe in 1985.

At the top of the information technology market, Japanese companies were willing and able to accept lower profit margins to fill contracts from big customers for open systems rather than the more limited, proprietary systems that European companies developed with the hope of locking up higher margins in their home markets.

Today, Japanese companies say they are no longer competing with European companies in Europe; they are competing with IBM and other big U.S. mainframe makers. To survive, a number of European companies have been taken over by or formed other types of strategic alliances with Japanese firms.

In Germany, BASF's small computer affiliate was struggling until it linked with Hitachi to form the thriving Compaq Informationssysteme. Mitsubishi took over Apricot, the British manufacturer. And Toshiba and Siemens last autumn agreed to cooperate in developing and marketing micro-processors.

Perhaps the most significant Japanese IT takeover in Europe came in November 1990 when Fujitsu paid \$1.4 billion for 80 percent of ICL, the last British full-range computer and IT company.

Fujitsu control allowed ICL to stop worrying about research and development and concentrate on marketing. Despite being ostracized by the hand-

Continued on Page 11

The International Herald Tribune is honored to welcome these world-renowned companies as sponsors of its 1992 series.

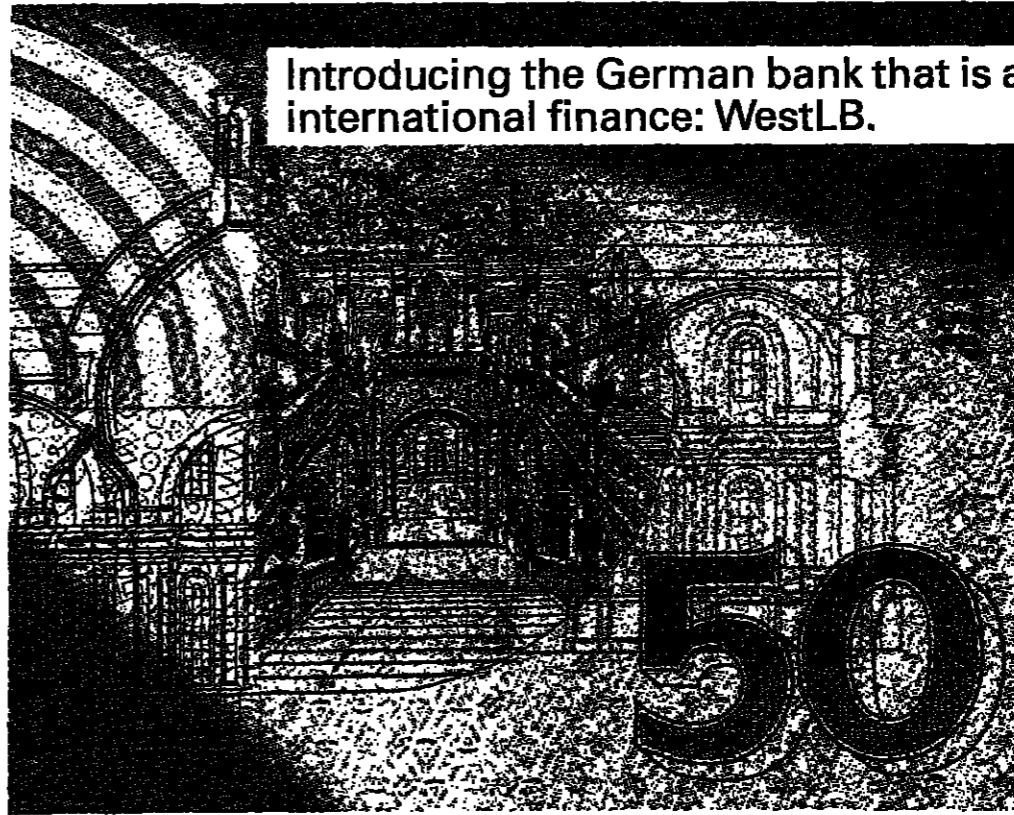
WestLB

The Westdeutsche Landesbank

In Touch with Tomorrow
TOSHIBA

INTERNATIONAL
Herald Tribune

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list — from Corporate Finance and Investment Banking to Treasury. And with a global network stretching from Düsseldorf to New York and from Tokyo to London, WestLB is perfectly at home where you are: in international finance.



WestLB

The Westdeutsche Landesbank

The Art of PARTNERSHIP



Acquired writing box (suzuribako) depicting women gathering tea leaves, 19th century. Toshiba Gallery of Japanese Art, Victoria and Albert Museum, London.

They say in the East that tea is the most common possession of the people. For centuries, people have gathered together to plant, grow and drink tea—and enjoyed, in the process, communication, harmony and rapport.

For over 20 years, Toshiba too have joined hands with communities in Europe to cultivate new ideas and technologies.

As one example of this collaboration, we're working in France with Rhône-Poulenc S.A. to develop advanced photocopiers, and with Thomson Electromenager S.A. and AEG Hausgeräte AG to make microwave ovens.

We've also teamed up with Siemens AG of Germany to produce customised integrated circuits.

And jointly with Cambridge University in the U.K., we're pursuing basic research in semiconductor physics at the Toshiba Cambridge Research Centre.

Thanks to these and other partners, Toshiba's organisation in Europe has grown to 37 companies managed and staffed by 5,000 local employees.

Together, we're also breaking new ground in other fields like information systems, medical equipment, telecommunications and energy.

With so many hands to count on, work will be lighter. Progress will be smoother.

And the harvest we share, always more fruitful.

In Touch with Tomorrow
TOSHIBA

19

Data-Bank Sec Pirates Europe

New organization
encod professionals a
problem of data secu
One aspect of it, s
costs \$6 billion a year.
According to a "consen
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Software piracy Europe \$6 billion

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Research and Dev

Joint R&

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is a litany of Europe's s
Philips, Alcatel, Digital, B
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Critics claim that progr
cartel arrangements betw
of ESPRIT's participants
terprises. Another
complaint is that ES
PRIT coordinators are
wasting money devel
oping sectors of the IT
industry in which Eu
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realistic chance of
competing with Ameri
ca and Japan. But
there are other views
on this.

In fact, 30 percent of
ESPRIT's budget is
devoted to hardware.
The remaining 70 per
cent is earmarked for
software projects.
Among its 600 pro
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Transcomputer architect
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Technology Show /

CeBIT -

History seems to be rep
self. In 1985, the Hannover
was growing out of control
cause its section on comp
ware, software and services
was mushrooming.

A year later, CeBIT was
independent event, with
exhibitors occupying 130,00
meters of floor space.

In 1992, the fair features
as many participants (5,200
and-a-half times as much
confronted with an updated
1985's question: where is
ing this trade fair?

مكتبة النهر

1992 *The Year We'll Keep Pacing With Europe*

Data-Bank Security / New Legislation

Pirates and Viruses: Europe Joins the Fight

New organizations and experienced professionals are taking on the problem of data security.

One aspect of it, software piracy, costs \$6 billion a year in Europe, according to a "conservative estimate" by attorney Bradford L. Smith, who is busy at the moment coordinating the prosecution of 50 software copyright infringement cases in 10 EC countries.

These lawsuits are often directed at well-known and respected companies that feed "copied" programs into their operating systems rather than purchasing the programs from Mr. Smith's client, the software producers grouped in the Business Software Alliance.

How effective are the lawsuits?

"In October, we launched our first suit for copyright infringement in Portugal," Mr. Smith, an attorney at the law firm of Covington & Burling, says. "Right after that, our market expanded threefold." He claims that about 85 percent of all software used in Portugal was copied illegally.

From Jan. 1, 1993, if all goes according to plan, Mr. Smith and his colleagues will have more legal firepower in the battle against the illegal reproduction of computer programs. The EC Commission's "Directive for the Legal Protection of Computer Programs" contains two parts. The first directs the 12 member countries to enact effective legislation protecting software copyrights by the end of 1992. In formulating this legislation, member countries (only Britain, Spain, France, Germany and Denmark currently have laws specifically protecting software) may draw for guidance on the mammoth directive's second part, which contains 30 prescriptive clauses.

Other crimes associated with data transmission in Europe are proving both more encompassing and intrac-

table. For example, data banks can be tapped for illegal profits.

"It's a crime no one talks about," states Paul Langemeyer, computer expert at Siemens-Nixdorf Informationsysteme and chairman of the board of EICAR, the European Institute for Computer Anti-Virus Research.

Another motive for data-bank misuse is to get one's way, sometimes using a computer virus.

According to Mr. Langemeyer, one of Germany's computer pioneers, the number of species in the "virus zoo" is now about 1,000 and will double by the end of the year. An estimated one-third of all German companies now have significant problems with virus infestation. This is half as many as in the United States, the forerunner in this field.

EICAR was founded in October 1991. The idea was that throughout Europe individual companies and professionals were struggling with the same problem: safeguarding computer data and warding off intruders. A forum was needed to share promising approaches and to evaluate new hardware and software tools.

Many of those attending EICAR's annual three-day seminars are data-security professionals, or data-bank "policemen." Viruses, prevalent though they may be, are only one of dozens of types of "offenders" these professionals have to deal with. Others include defective equipment, operator error, lightning, moisture, mice — and lack of organization on the part of potential clients.

"Eighty percent of our work involves thinking through and then implementing workable security systems," says Rainer von zur Mühlen, one of Germany's leading data-security consultants. His first job is often simply to convince clients to take elementary precautions. An example: "Only 15 percent of all companies in Germany regularly sweep [monitor] for viruses," he says.

Terry Swartzberg

Research and Development / EC Cooperation

Joint R&D Pushes Fast-Forward Button

After decades of fierce competition among themselves, European information technology industries are beginning to see the value in working together, with the help of at least two programs initiated by EC institutions in Brussels.

Originally set up in 1984 as a \$5-billion cooperative research program for universities and information technology companies, ESPRIT — The European Strategic Program for Research and Development of Information Technology — is still going strong. The aim, to insure that key IT growth industries were not left behind by the United States and Japan, is still on target.

ESPRIT's current budget of 1.35 billion Ecus (\$1.6 billion) will take it through the middle of 1994. Companies and universities will match these funds. The list of participants is a litany of Europe's strongest IT companies — AEG, Philips, Alcatel, Digital, Bull, Siemens and BASF, to name a few.

Critics claim that programs like ESPRIT are encouraging cartel arrangements between wealthy players. In fact, many of ESPRIT's participants are small and medium-sized enterprises. Another complaint is that ESPRIT coordinators are wasting money developing sectors of the IT industry in which Europe does not have a realistic chance of competing with America and Japan. But there are other views on this.

In fact, 30 percent of ESPRIT's budget is devoted to hardware. The remaining 70 percent is earmarked for software projects. Among its 600 programs, some of ESPRIT's most ambitious activities are now in the areas of transcomputer architecture, computer-integrated manufacturing and chip lithography.

Transcomputer architecture allows for parallel processing between computers. ESPRIT has made huge strides in minimizing the loss of capacity among machines while they are in the parallel processing phase.

In a related development, a group of European companies, including Daimler-Benz, Immos of Britain and CASA of Spain, is working with universities and research institutes to develop high-performance computing systems for European industry. Known as "E3," the initiative is based on

parallel computing, whereby many microprocessors work together to solve a problem by breaking it up into several parts. Daimler-Benz's in-house research institute, AEG, and Dornier, its engineering unit, have taken the lead in the consortium.

E3 is currently working closely with the EC-sponsored DRIVE program, which applies information technology to road traffic and safety situations. Practical application will take shape in the development of systems that allow car computers to indicate driving paths and warn drivers about potential obstacles.

Computer-integrated manufacturing is a European stronghold at the moment. It makes it possible for computers and robots to speak to one another.

Chip lithography is an expensive process, whereby chips are imprinted with micro-features. It is fundamental to the chip-manufacturing process, since it determines the smallest possible feature size, and therefore the level of integration of a chip. The enormous cost of lithography makes it a prime candidate for joint programs between ESPRIT participants. Currently, the equipment manufacturer ASM-litho is working with optics industry leader Carl Zeiss and chemical maker Hoechst to take the world lead in lithography.

Money is a chronic problem for ESPRIT. The EC Commission fell short of its financial promises to the program last year, and the disparity between the costs of capital research and development in Europe compared with the United States and Japan is increasing.

JESSI — the Joint European Submicron Silicon program — is Europe's other major IT initiative.

"It is more of a bottom-up approach than ESPRIT," says Klaus Knapp, spokesman for JESSI. "JESSI deals more with application, while ESPRIT is at the higher, scientific level."

With a projected budget of 3.8 billion Ecus by 1996, JESSI concentrates its efforts on four aspects of the semiconductor industry — chip technology, material and equipment technology, application technology and basic research.

Dan Morrison

Technology Show / Keeping Pace With the Future

CeBIT — Many Fairs in One

History seems to be repeating itself. In 1985, the Hannover Trade Fair was growing out of control, partly because its section on computer hardware, software and services (CeBIT) was mushrooming.

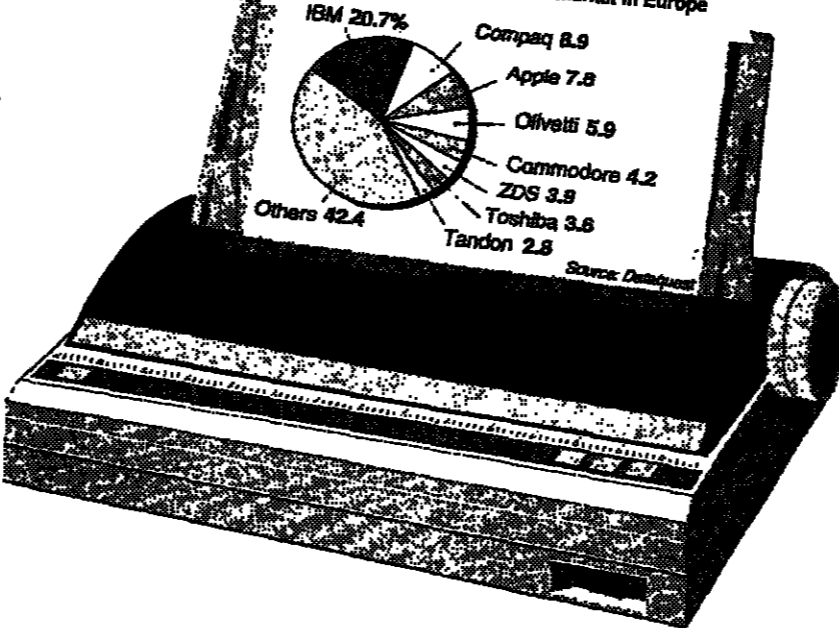
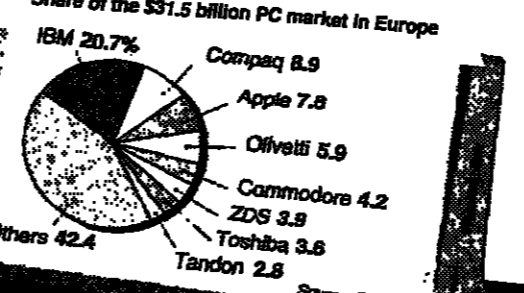
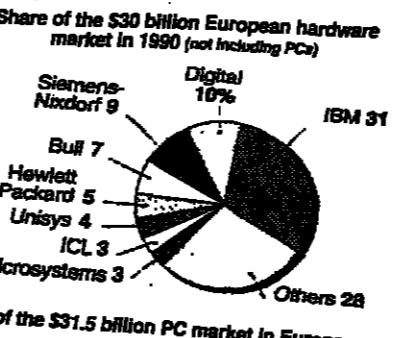
A year later, CeBIT was set up as an independent event, with some 1,300 exhibitors occupying 130,000 square meters of floor space.

In 1992, the fair features four times as many participants (5,200, of which 2,000 are non-German), takes up two-and-a-half times as much area and is confronted with an updated version of 1985's question: where is growth taking this trade fair?

"Fairs within a fair" is the answer of Hubert-H. Lange, the member of the board of directors of Deutsche Messe (Hannover's trade-fair authority) in charge of CeBIT. His point is that the days are gone of the classic computer trade fair, which served as an interface between the general business public and the computer industry. The information-technology industry is no longer homogenous: it is now a conglomeration of highly discrete, semi-independent markets.

At CeBIT, each of these markets — "C" technologies (computers integrated into design and manufacture), data communications, multimedia, components (to name but a few) — has assumed the dimensions of a normal trade fair, although inter-market transactions remain the backbone of the new CeBIT.

As usual, a walk through CeBIT is the best way to get an overview of the products and concerns of the world's information-technology markets. Roughly a sixth of the 600,000 or so persons expected to visit CeBIT this year will head to Hall 18 to attend a program on securing computers and their data against willful and accidental damage. In Hall 22, some 140 exhibitors will present the latest developments from the world's laboratories: 40 new communications, electronics and automation technologies. T.S.



Computer Links / Networks for the Nineties

Alliances Point the Way

Continued from Page 9

processor company Intel's overwhelming share of the world PC market.

Similarly, in Europe, Apple has agreed to work with France Télécom and SGS-Thomson on new multimedia technology research and to undertake joint consumer electronics studies with Bull.

Meanwhile, following an earlier accord to cooperate on a five-year 64-megabit DRAM (dynamic random access memory) development program in the United States, IBM and Siemens

announced in July 1991 plans to collaborate on 16-megabit computer chip production, thus stealing a three-to-six month lead on the Japanese electronics giants.

Driven by escalating development costs, IBM announced in September 1991 an agreement with British-based INMOS, a member of the SGS-Thomson Microelectronics Group.

Most striking of all, however, was the January marriage of convenience between IBM and Bull. The world's number-one and number-10 computer firms linked up in another new-style alliance that transcends national identity, with IBM paying around \$100 million for the privilege.

Both firms stand to benefit from the deal. With Bull adopting IBM's technology for RISC microprocessor chips to power the next generation of desktop computers, IBM not only gains customers but also deals a blow to the competitive RISC triumvirate of MIPS, Compaq and Digital Equipment and gains access to laptop computers from Bull's Zenith subsidiary to plug gaps in its own product range.

Steve Bartlett

Japan in Europe / Here to Stay

Low Margins and Long-Term Investment

Continued from Page 9

ful of remaining full-range European hardware and systems companies — the critics said the deal dashed the last hopes of a pan-European IT force uniting the leading European companies — ICL is happy with the arrangement.

ICL executives dismiss criticism alleging a "sell-out" or "defection" by pointing out that the big difference between ICL and its European IT rivals is that ICL is now making money.

The only three European full-range companies left in the field are Olivetti of Italy, Siemens of Germany and Groupe Bull of France. Bull's independence was undermined, however, when it formed an alliance with IBM after the French government discouraged NEC of Japan from taking a stake. The deal allows IBM a Bull stake of up to 10 percent in exchange for up to \$100 million in investment.

Under Fujitsu, ICL has cut workers, closed factories and distribution centers, discontinued products and narrowed its markets in terms of what it sells and where it sells. The Japanese competition is forcing it and other European companies into niche markets, such as ICL's strength in selling supermarket check-out scanners in the United States.

Japanese or grabbing markets before Japanese companies catch up, are most likely to be successful into the 21st century.

There is little interest from European companies, governments or the EC in trying to revive the European semiconductor industry so that it can offer real competition to Japan. Japan continues to subsidize semiconductor research; Europe does not.

Japan's influence on European research and development is growing in other ways. A number of companies, notably Fujitsu, Hitachi and Ricoh, have established broad-based research and design centers that are predominantly staffed by European engineers but work closely with their R&D headquarters.

Much of the focus is on large-scale telecoms of the future, starting with networks designed to take advantage of European monetary union toward the end of this decade. Parallel computing and human-language processing are two more long-range Japanese research projects. The Japanese work is welcome in many academic circles in Europe because some of the Japanese firms are promising to farm out research contracts to Euro-

pean universities at a time when governments are increasingly reluctant to grant "big science" grants.

One Japanese trend files in the face of traditional European research, where technicians are expected to do most of the work in the laboratories, marketing people deal with the customers and the top engineers stay in their offices, thinking and evaluating results. Instead, the Japanese emphasize involvement of the top R&D people at every stage, from doing their own lab work to meeting with customers.

Timothy Harper

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Steve Bartlett is a Paris-based free-lance journalist. Timothy Harper is a London-based American journalist and lawyer whose book, "Cracking the New European Markets," will be published in May by John Wiley & Sons, New York. Terry Swartzberg is a free-lance journalist based in Munich. Romy Joyce is a Paris-based free-lance journalist. Dan Morrison is based in Brussels and specializes in EC affairs.

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NYSE

Tuesday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table containing stock market data for NYSE, including various indices and individual stock prices.

Main table containing detailed stock market data, organized in columns by sector or index. Includes columns for 'NEW HIGHS', 'NEW LOWS', and 'AMEX High-Lows'.

Table containing currency and interest rate information, including sections for 'NEW HIGHS', 'NEW LOWS', 'AMEX High-Lows', 'Currency Deposits', and 'Key Money Rates'.

To our readers in Vienna:
You can now receive the IHT hand delivered to your home or office on the day of publication.
Please contact: Morawa - Vienna.
Tel. 515 62 123

HITZ
MEDIA MAR
The Joe Camel Gets March

NEW YORK — A cartoon character of the Camel cigarette brand is making an appeal to children's medical associations. American Medical Association and promotional efforts of the surgeon general. The cartoon character of Joe Camel is being used in a campaign to urge children to quit smoking. The cartoon character of Joe Camel is being used in a campaign to urge children to quit smoking. The cartoon character of Joe Camel is being used in a campaign to urge children to quit smoking.

CURRENCY RA
Table containing currency exchange rates for various countries and currencies.

MARKET DIARY

Stocks Lure Buyers After Losing Streak

NEW YORK — Wall Street stocks rose Tuesday as investors returned to the market to pick up bargains from the recent sell-off, analysts said.

N.Y. Stocks

The average rose 15.87 points, to 3,230.99, and advancing issues on the New York Stock Exchange out-numbered decliners by an 11-to-6 ratio. The Dow had fallen for four straight sessions.

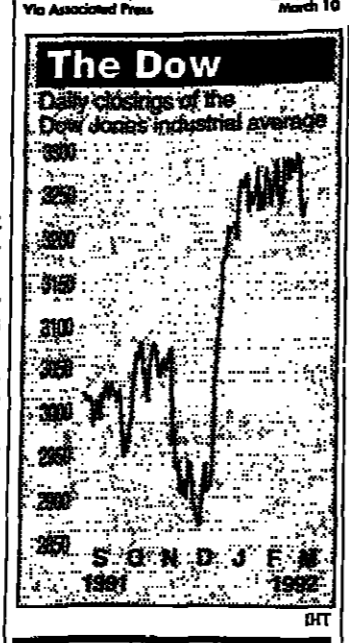


Table titled 'NYSE Most Active' showing trading volume for various stocks on the NYSE. Columns include Volume, High, Low, Last, and Change.

Table titled 'Dow Jones Average' showing index values for various sectors like Industrials, Finance, and Utilities.

Table titled 'NYSE Indexes' showing values for Composite, Industrials, Finance, and Utilities.

Table titled 'NASDAQ Indexes' showing values for Composite, Industrials, Finance, and Utilities.

Table titled 'NYSE Stock Index' showing values for Composite, Industrials, Finance, and Utilities.

Table titled 'NYSE Bond Averages' showing values for 20 Bonds, 10 Utilities, and 10 Industrials.

Table titled 'NYSE Odd-Lot Trading' showing buy and sell volume for various stocks.

Table titled 'NYSE 100 Index Options' showing values for various options contracts.

Table titled 'NYSE Diary' showing advanced, declined, and total issues for various market segments.

Table titled 'NASDAQ Diary' showing advanced, declined, and total issues for various market segments.

Table titled 'EUROPEAN FUTURES' showing prices for various commodities like SUGAR, COFFEE, and CATTLE.

Table titled 'EUROPEAN FUTURES' showing prices for various metals like ALUMINUM, COPPER, and ZINC.

Table titled 'EUROPEAN FUTURES' showing prices for various oil products like BRENT CRUDE OIL and GASOLINE.

Table titled 'EUROPEAN FUTURES' showing prices for various agricultural products like WHEAT, SOYBEANS, and CORN.

Table titled 'EUROPEAN FUTURES' showing prices for various livestock products like HOGS and CATTLE.

Table titled 'EUROPEAN FUTURES' showing prices for various metals like GOLD, SILVER, and PLATINUM.

Table titled 'EUROPEAN FUTURES' showing prices for various commodities like FEEDER CATTLE and HOGS.

Table titled 'EUROPEAN FUTURES' showing prices for various commodities like PORT BELLIES and COFFEE.

Table titled 'EUROPEAN FUTURES' showing prices for various commodities like SOYBEAN OIL and SUGAR.

LaWare Says Big Banks Are Ailing — Some major U.S. banks are ailing, and total bank failures probably will continue this year, says the Federal Reserve Board.

Curb Japan, Chrysler's Lutz Urges — The president of Chrysler Corp., Robert A. Lutz, urged Tuesday that Washington should hit back at Japan's import curbs by restricting Japanese business activities in and exports to the United States.

U.S. Productivity Increased in 1991 — WASHINGTON (AP) — America's nonfarm productivity grew for the first time in three years in 1991 as businesses tried to maintain output with a smaller work force during the recession, government figures showed Tuesday.

Paramount Returns to Profitability — NEW YORK (UPI) — Paramount Communications Inc., showing improved results in entertainment and publishing, reported Tuesday earnings of \$18.4 million for the first quarter, ended Jan. 31, compared with a loss of \$7.3 million in the year-earlier quarter.

Continental to Add Flights — HOUSTON (Combined Dispatches) — Continental Airlines announced plans Tuesday to add 71 daily flights by mid-June, begin service to four new destinations in Latin America and Europe, and said it already was hiring several hundred employees.

For the Record — Texas Instruments Inc. has joined the chipmaker Chips & Technologies Inc. in its courtroom battle against a patent-infringement suit filed by Intel Corp., Chips & Technologies said.

Dollar Gains as Outlook On Rates Pressures Yen

NEW YORK — The dollar posted gains against all major currencies Tuesday as it benefited from strong selling of the yen.

The dollar rose to 132.90 yen, from 132.53 at the opening and 131.93 at the close on Monday.

AMEX Stock Index

Table showing AMEX Stock Index values for various sectors like Industrials, Finance, and Utilities.

Table showing AMEX Stock Index values for various sectors like Industrials, Finance, and Utilities.

WORLD STOCK MARKETS

Large table showing world stock market data for various cities including Amsterdam, Frankfurt, London, Milan, Paris, Tokyo, Zurich, and others.

TOURISM: America and Japan Global Oases in '91

Western Europe was the big loser. Italy and Greece suffered the largest declines, with arrivals down 11 and 14 percent, respectively, from the previous year.

Overall tourist arrivals in Western Europe declined 0.5 percent over a 3.5 percent rise in 1990.

Table showing tourism statistics for various countries like France, Germany, and the UK.

Table showing tourism statistics for various countries like France, Germany, and the UK.

Table showing U.S. Futures prices for various commodities like WHEAT, SOYBEANS, and CORN.

Table showing U.S. Futures prices for various commodities like HOGS, CATTLE, and GOLD.

Table showing U.S. Futures prices for various commodities like SILVER, PLATINUM, and FEEDER CATTLE.

Large vertical advertisement for Hoechst AG, featuring the company name and 'Payouts as'.



Hoechst and BASF Cut Payouts as Profits Fall

FRANKFURT — BASF AG and Hoechst AG, Germany's two largest chemical concerns, reported Tuesday big profit declines for the second straight year and responded by trimming their dividends for 1991 by 7.7 percent.

The dividend cut is a clear signal that these companies expect 1992 to be a difficult year, said Klaus Bhojani, chemical analyst at Warburg & Co. in Hamburg.

Germany's third-largest chemical group, Bayer AG, is expected to leave its dividend for 1991 unchanged at 13 DM when its supervisory board meets on Wednesday to review 1991 results.

Bayer's results have been cushioned by strong pharmaceutical sales but BASF and Hoechst were exposed to the full brunt of the global downturn in demand for chemical products.

"All three companies are feeling the continued cold wind of the 1991 chemical business environ-

BSN Buys Into Spain's San Miguel

Compiled by Our Staff From Dispatches

PARIS — BSN, the leading French agribusiness company, said Tuesday it was taking a 24 percent stake in San Miguel Cervezas y Malta SA, the Spanish brewery.

Most of the stake was bought from March, a Spanish banking and property concern that had about 20 percent of San Miguel. The purchase price was not disclosed.

San Miguel's family shareholders would keep majority control, BSN said, adding the acquisition was a friendly move made with the agreement of other shareholders.

BSN already owns 33 percent of another Spanish brewer, Mahou SA.

In 1991, San Miguel sold 37 million hectoliters (96.2 million gallons) of beer for about 32 billion pesetas (\$304.9 million).

The company has breweries at Málaga, Burgos and Lérida. It also prepares and cans food products that are sold in Spain and outside of the European Community.

In 1990, San Miguel accounted for 48.7 percent of Spanish beer output and 88 percent of exports.

(Reuters, Bloomberg)

Paribas Has Rice Interest

Compagnie Financière de Paribas took control of Hijo de J. Sos Borras, a Spanish rice concern, in alliance with the Salazar family, AFP-Exel News reported from Paris.

The Sos family will retain a 10 percent interest in the company. The purchase price was not disclosed.

Sos is Spain's No. 2 rice producer and in its latest year had sales of 4.8 billion pesetas.

Treuhand Sells Baltic Shipyards

Compiled by Our Staff From Dispatches

BERLIN — The Treuhand privatization agency announced Tuesday that it would sell Eastern Germany's two largest Baltic shipyards to Germany's Bremer Vulkan AG and Norway's Kraemer AS.

The deal was a coup for the government agency, as few thought last year anyone would want the antiquated yards, one of former Communist East Germany's biggest industrial complexes and its largest volume exporter, mainly to what was the Soviet Union.

Plans to sell the concerns to more than one bidder led to a two-week occupation of the yards by workers, the first major labor revolt in Germany's depressed east for a year.

(UPI, Reuters)

Inflation Rises in Germany

4.3% February Rate Likely to Keep Bundesbank Strict

By Richard E. Smith

International Herald Tribune

FRANKFURT — Germany's inflation rate jumped to 4.3 percent in February, according to preliminary figures released Tuesday, a sizable and possibly worrisome rise from the January rate of 4 percent.

Although there had been signs last week of the rise, economists were unsettled by its speed and noted that bad inflation news in Germany is likely to keep the Bundesbank on edge and cautious about lowering interest rates.

"The rise is sharp, and we may have to do some rethinking," said Martin Hiltner, economist with Bayerische Vereinsbank in Munich. "It makes things more difficult at a time when unions are negotiating and the Bundesbank is under pressure to lower rates."

Germany's interest rates are at postwar highs, largely due to the Bundesbank's goal of lowering German inflation to 2 percent.

Some economists predicted the Bundesbank might try to ease rates this summer but noted that it might hold off longer if inflation does not show clear signs of improvement by then.

A number of European countries are hoping that a reduction in German interest rates will soon allow them to cut their own in order to stimulate sluggish economies.

Belgium and the Netherlands have even considered trying to lower money market rates below German levels. The Belgian central bank president, Alfons Verplaetse, told Reuters that disappointing inflation news in Germany and the Netherlands have delayed such a step for now but that it may be considered again next month.

Normally Belgium and the Netherlands keep their rates closely aligned with those of Germany.

Economists said the sharp jump in German inflation in February was caused largely by fuel price rises, which often are subject to special factors and statistical distortions.

"If the rise in fuel prices continues into next month, we may have to adjust forecasts," said Werner Verboeckel, an economist at Commerzbank.

At the moment, most economists say they expect German inflation to peak in March or April at just below 5 percent, with the rate tipping downward this summer. Most predict an average rate of 4 percent for 1992, up from 3.5 percent in 1991.

Economists said that commodity prices have been unusually low in recent months, a factor that eased inflationary pressure in December and January, but they warned those prices may rise in coming months.

More ominously, they said, unions may push through wage settlements this spring that could lead to inflationary pressure in a broad range of categories later in the year.

In spite of Bundesbank and government warnings, some unions are already asking for wage increases of more than 10 percent, and work stoppages have occurred among bankers and public workers.

Saatchi Says Worst Is Over After Loss

Reuters

LONDON — Saatchi & Saatchi Co. said Tuesday it had a 1991 pretax loss of £58.4 million (\$100.6 million), but the advertising conglomerate said it expected operating margins and profitability to improve this year.

The result included property provisions of £21.6 million and closure and merger costs of £35.8 million. Pretax profit was £14.6 million in 1990.

Saatchi, which fought its way back from the brink of collapse with a recapitalization last April, said net debt averaged £200 million in the fourth quarter, down from a 1991 peak of £226 million.

Revenue slipped to £739.8 million in 1991, from £757.6 million in 1990, and Saatchi said it was not budgeting for higher revenues this year.

Failure of the BA-KLM deal has not been Sabena's only setback in the last few years.

A January 1990 reorganization plan, which created four operating subsidiaries in a bid to attract investment, only increased bureaucracy and was scrapped a year later following what Sabena described as an "enormous loss."

The airline's profitable flights to Zaire, the former Belgian Congo, were curtailed in 1989 in a dispute between Brussels and the Zairean president, Mobutu Sese Seko.

A new conference in 1990 to announce poor results on Sabena's African routes degenerated into a carnival-like spectacle in which flight attendants modeled the carrier's new "luminous" uniforms, with the company chairman providing fashion commentary.

The carrier's longtime chairman, the former Transport Ministry official Carlo Van Rafeleghem, died last summer after suffering a stroke.

In a departure from tradition, the new chairman, Pierre Godfroid,

Investor's Europe

Table with columns for various European stock indices and exchange rates, including DAX, CAC 40, and others.

Very briefly:

- Renault Vehicules Industriels, the French truck and bus maker, said it was close to forming a joint venture with the coach and bus maker Korosa of Czechoslovakia.
Sara Lee/DE NV, a Dutch unit of the U.S. frozen-food maker, agreed to take over a Czechoslovak coffee company, Ballyny Praha, for an undisclosed sum.
AEG AG, the electronics subsidiary of Daimler-Benz AG, said it had agreed to sell the service and marketing arm of its AEG Olympia Office GmbH products unit to the businessman Jürgen Sievers.
Ireland's jobsless total could reach 300,000 within a year, Finance Minister Bertie Ahern said.
Romania has opened negotiations with the World Bank for \$350 million in new credits, a government official said.
A European Community court cut fines imposed on three companies — Shell International Chemical Co., Imperial Chemical Industries PLC and Hills AG — for taking part in a cartel of polypropylene producers, but confirmed fines on four others.
Plesant SA does not have to extend its 5 billion franc (\$885 million) bid for two-thirds of An Pritinsas SA to 100 percent, a Paris Appeals Court ruled, rejecting a request by Printemps minority shareholders.
American Telephone & Telegraph Co. is offering managed network services in Europe and global network management services, and it said J.P. Morgan & Co. was one of its first customers.

Airbus Chief Says U.S. Talks Stalled

AFP-Exel News

PARIS — Negotiations with the United States on European government subsidies to Airbus Industrie have made no progress and further confrontation now seems likely, the chairman of Airbus, Jean Pierson, said in an interview with the French daily Le Monde published Tuesday.

"I have the feeling that the Americans are no longer looking for a compromise," he said.

The United States "has formulated new demands on the subject of the transparency of the financing and the Europeans find these outrageous," he added. Mr. Pierson said he was afraid the United States might break off the talks.

BUDGET: Lamont Is Cautious

(Continued from first finance page)

£2,000, to help small companies facing cash-flow problems. He noted the job-creating capacity of small concerns and that many of his proposals would benefit small business specifically — again, a sentiment associated with the Labor Party.

The one big business to benefit from the chancellor's budget was the hard-pressed auto industry. "The motor industry is and will remain at the heart of British manufacturing," said Mr. Lamont. To boost demand for vehicles, Mr. Lamont said he was halving the car tax, to 5 percent, a move that would lower the price of an average family car by £400.

On the subject of Europe, Mr. Lamont predicted Britain would meet the strict requirements for entry into a single European currency, although it remains to be seen if it would join. He also said that in "due course" sterling would move to the narrow 2.25 percent fluctuation band of the European Monetary System's current exchange-

rate mechanism. The pound is now allowed to deviate by 6 percent from the agreed-upon central rate.

The pound rose for the day but fell from its highest level because of Mr. Lamont's vague timetable for accepting the narrow fluctuation band. Sterling ended at 2.8691 Deutsche marks in London, up from 2.8679 on Monday but below the 2.8740 it was quoted at before Mr. Lamont's speech (Page 14).

Mr. Lamont's comments that the public-sector borrowing requirement would rise had a negative effect on outstanding British government bonds. The 11.75 percent gilt due 2003-07 fell more than half a point, to 114 8/32, where it yielded 9.588 percent. The stock market did not have a chance to react to the budget, which was announced late in the London day.

What Mr. Lamont's budget lacked in excitement it often made up for in minutiae. Predictably, the so-called sin taxes on alcoholic beverages and tobacco were raised.

NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Large table containing NASDAQ stock market data, including columns for stock symbols, prices, and volume.

AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table of AMEX stock prices with columns for symbol, price, and change.

Table of stock prices (continued) with columns for symbol, price, and change.

Table of stock prices (continued) with columns for symbol, price, and change.

Table of stock prices (continued) with columns for symbol, price, and change.

Table of stock prices (continued) with columns for symbol, price, and change.

Table of stock prices (continued) with columns for symbol, price, and change.

NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table of NYSE stock prices with columns for symbol, price, and change.

Table of NYSE stock prices (continued) with columns for symbol, price, and change.

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EC Rethink As Trade
Profit Drop Seen Across Japan Inc.
Various news snippets and advertisements on the right margin.

EC Rethinks Its Stance on Japan As Trade Imbalance Gets Worse

Compiled by Our Staff From Dispatches BRUSSELS — Less than a year after signing a landmark co-operation declaration with Japan, the EC Commission is rethinking its approach to a chronic trade imbalance with Tokyo, a commission spokesman said Tuesday.

spokesman said. "The situation is perfectly clear." He said the commission would draft a policy paper aimed at

"The time has come to think how we can attack this problem in a more substantive way."

An EC spokesman finding a global approach to the problem.

The aim would be to bring about change through global trade talks taking place under the auspices of the General Agreement on Tariffs and Trade.

"While accepting the political side, we insist that there should be real and substantive progress on the economic side," the

striking bilateral accords in certain sectors.

But it told the Japanese deputy foreign minister, Koichiro Matsuura, that Tokyo must go further than merely lifting trade barriers and make structural reforms to its economy to encourage imports.

The commission delegation, led by Horst Krenzler, director general of external relations, warned Tokyo not to discriminate against the EC in a bilateral accord on cars and parts struck with Washington.

(Reuters, AFP)

Appeal Rejected

Nine Japanese producers of plain-paper photocopyers have failed in a legal bid to overturn anti-dumping duties of up to 20 percent imposed five years ago by the European Community.

A spokesman for the European Court of Justice said Tuesday that the court rejected appeals against the duties from all nine of the Japanese companies.

Matsushita To Disband Retail Arm

The Associated Press TOKYO — Matsushita Electric Industrial Co. said Tuesday it would disband its grouping of retailers, the largest in Japan, in a potential market-opening move.

The United States has denounced exclusive retail networks in Japan, saying they serve as a barrier to foreign products.

Akira Nagano, a spokesman for Matsushita, the world's largest consumer-electronics maker, said one aim of the change was to simplify its keiretsu system of interlocking corporate ties.

Mr. Nagano said a group of 27,000 retailers, set up in 1957 to handle mainly Matsushita products, would be dissolved and a new voluntary sales-promotion organization set up. He said the company also would abolish a system under which each retailer was required to deposit a percentage of its spending on Matsushita products in return for yearly dividends.

Matsushita's decision follows recent announcements by Toyota Motor Corp. and Nissan Motor Co., Japan's two biggest automakers, that they will allow their dealerships to sell any maker's vehicles.

Hongkong Bank Boosts 1991 Earnings by 83%

By Laurence Zuckerman International Herald Tribune

HONG KONG — Registering a strong recovery after its first earnings decline in a generation, HSBC Holdings, parent of Hongkong & Shanghai Bank, announced Tuesday that its 1991 net profit jumped 83 percent, to 5.66 billion Hong Kong dollars (\$728 million).

The company's board also announced a final dividend of 1.31 Hong Kong dollars per share, a rise of 19.7 percent from 1990.

Much of the profit increase was due to reduced losses at Hongkong Bank's troubled overseas subsidiaries, including Marine Midland Bank in the United States and Hongkong Bank of Australia.

"It shows the recovery is well under way," said Steven Li, an analyst with Jardine Fleming Securities in Hong Kong. "I think people can expect better things in the future." But Mr. Li warned that investors should not be too optimistic about 1992. "I don't think it is reasonable to expect strong profits from either Marine Midland or Hongkong Bank of Australia in 1992," he said.

Asia, and in particular Hong Kong, remained the source of the bulk of the bank's profit, proof that

its efforts to increase earnings from outside the region in recent years have been unsuccessful.

In late 1990, the company suspended plans to increase its 14.7 percent stake in Britain's Midland Bank PLC, which would have eventually led to a merger. Since then, there have been persistent rumors that the bank was looking to expand its holdings in Europe.

William Purves, chairman of HSBC, said the bank had no immediate plans to make any new investments in Europe, but he added that it was interested in making asset equity strategic alliances similar to one it has with Wells Fargo Bank.

Mr. Purves also did not rule out a suggestion that HSBC Holdings, which was incorporated in Britain last year in order to move the bank's official home out of Hong Kong in anticipation of China's takeover of the colony in 1997, might one day spin off Hongkong & Shanghai Bank.

"One question people continually have is the degree to which they will be an international bank," Mr. Li said. "If they were to spin it off and acquire a European bank, it would go a long way toward making people perceive them that way."

Profit Drop Seen Across Japan Inc.

Agency France-Press TOKYO — Research arms of Japan's two largest securities firms said Tuesday that Japanese companies would suffer declines in profits not only this financial year but the next as well.

Nomura Research Institute said pretax profits of companies — including banks, securities houses and insurance companies — would plunge 16.4 percent in the year to March 31 and decline a further 6.3 percent in the following year.

Nikko Research Institute said pretax profits would drop 14.5 percent in the current year and 6.4 percent the following year.

Both institutes attributed the lower earnings forecasts to sluggish domestic demand, heavier interest burdens and a stronger yen.

Loan Scam Forces Tokai To Slash Profit Forecast

Compiled by Our Staff From Dispatches

TOKYO — Tokai Bank Ltd. cut its earnings forecast Tuesday after setting aside 50 billion yen (\$380 million) to cover possible losses on fraudulent loans traced to an errant branch manager.

The bank, ranked sixth among Japan's 11 city banks and affiliated with Toyota Motor Corp., said it expected a net consolidated profit of 68 billion yen in the year to March 31, below the previous forecast of 88 billion yen and 27 percent below the previous year's profit.

For the parent alone, Tokai cut its forecast to 20 billion yen, down two-thirds from the earlier estimate and the previous year. Tokai said it had made the provision after assuming 62.5 billion yen in loans made by nonbank financial institutions, which used as collateral false documents issued by the bank's Akibara branch.

The manager of the branch was arrested earlier this year. A spokesman said the bank did not yet know the exact amount of the fraud. The estimate of 62.5 billion yen is "in the region but we still don't have the complete figures," he said. (AFP, Bloomberg)

Sweden Ends Bid For Ban on Tuna

Agency France-Press KYOTO, Japan — Sweden, bowing to pressure from Japan, Canada and the United States, withdrew Tuesday a proposal to ban trade in bluefin tuna fished in the western Atlantic.

"Quite quickly it turned out that many problems interfered in the discussion" at the conference of the Convention on International Trade in Endangered Species, said Sven Johansson, a member of Sweden's delegation, adding, "It's a pity."

Japan, which consumes nearly half of the 38,000 metric tons of bluefin tuna fished in the world, had lobbied intensively against the Swedish proposal.

Shanghai Seeks to Bolster Its Financial-Center Role

Shanghai — Its position as China's economic heart beaten by the cities of the booming south, Shanghai must "break with convention and blaze new trails" to attract foreign investment, its mayor, Huang Jin, said Tuesday.

Reporting on progress with the city's multibillion-dollar Pudong development scheme, Mr. Huang said changes emanating from Beijing made Shanghai an Asian financial and trade center. "Shanghai has clear superiority of talent, technology as well as management," he said at a news conference.

Pudong, widely seen as a test of Beijing's commitment to economic reform after the army crackdown on pro-democracy demonstrations in 1989, has lately received a string of official visitors, including Deng Xiaoping, the 87-year-old paramount leader.

Launched in 1990, the Pudong development area covers 350 square kilometers (135 square miles) across the Huangpu River from the Bund, the commercial center of the 1920s and 1930s.

Investor's Asia

Table with columns for various Asian markets (Hong Kong, Singapore, Tokyo, etc.) and their respective indices and trends.

Very briefly:

- The Tokyo Stock Exchange's broadest index fell to a five-year low and broader index fell to a five-year low and broader index fell to a five-year low...
• Nippon Mining Co. is considering a merger with its 47.1 percent-owned affiliate Kyodo Oil Co. to form the No. 2 Japanese distributor of petroleum products after Nippon Oil Co.
• Teijin Ltd. of Japan and Imperial Chemical Industries PLC of Britain plan a joint venture to produce KLEA 134a, a substitute for chlorofluorocarbons used in car air-conditioners and refrigerators.
• Japan's private machinery orders in January rose 27.3 percent from the previous month, to 886 billion yen (\$6.59 billion).
• Foster's Brewing Group Ltd. said its chief executive, Peter Bartels, resigned; analysts said he had been feuding with John Elliott, the company's former chief executive and currently a major shareholder, who sought higher dividends, as did Asahi Breweries Ltd., also a big investor.
• Accor, the French hotel company, sold its 12 percent stake in Mandarin Oriental International Ltd., the Hong Kong-based luxury hotel chain, to Goldman Sachs & Co. for about 360 million francs (\$63.6 million).
• Philippine Airlines, the recently privatized airline, said it would post a record profit of more than 1.3 billion pesos (\$316 million) in the financial year ending this month, following a 2.3 billion peso loss in 1990.
• The Philippines government promised that electricity blackouts that have plagued Manila, caused by frayed power lines and generating-station breakdowns, would end by Wednesday.

Large table titled 'ADVERTISING FUNDS' containing various fund names, their performance metrics, and other financial data.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

OBSERVER

White House Surrender

By Russell Baker
NEW YORK — General Buchanan, having lost every battle, demanded that the victorious General Bush meet him at the White House.

outraged General Buchanan, who was quoted only after his lieutenants persuaded him to use the delay by searching the White House library for pornographic literature and films.

General Buchanan was seated in General Bush's favorite recliner in the Blue Room when word arrived that General Bush, flush with victory in every battle, had entered the White House grounds and craved an audience.

As General Bush paused to recover from writer's cramp after his 79th inspection of "Generalissimo," he asked his entire Confused Staff to come up with some quick ideas for neutralizing the embittered Armies of the Right after General Buchanan's surrender. Ideas came thin and slow.

"Send him in," said General Buchanan.

"Give General Buchanan a brand new set of golf clubs autographed by First Lieutenant Quayle."

"Do you think it would make the defeated Armies of the Right feel kinder and gentler about my victories if I walked in on my knees?"

"It will soon be spring," he continued in his customary terse but eloquent jargonistic diction.

"Do you think it would make the defeated Armies of the Right feel kinder and gentler about my victories if I walked in on my knees?"

"It will soon be spring," he continued in his customary terse but eloquent jargonistic diction.

30 Years of Classics By Film's Outsiders

By Helen Dudar
New York Times Service

NEW YORK — One afternoon, as a wintry sun filtered through the uncurtained windows of her modest Manhattan apartment, Ruth Praver Jhabvala, novelist and screenwriter, sat with James Ivory, director, searching for ways to shed light on the dicey business of turning literature into film.

Since 1979, Merchant-Ivory has tackled a number of potentially treacherous works by sacrosanct authors, among them "The Europeans" and "The Bostonians" by Henry James and "A Room With a View" and "Maurice" by Forster.

Merchant finds financing, nickels and dimes even by the most pinched Hollywood standards; Ivory has directed most of their 25 feature or television films, and Jhabvala has written or co-written with Ivory 14 of them, including adaptations of two of her own novels.

Similar debate punctuates the actual collaboration. When they agree on a novel, Ivory begins by delating the book, underlining dialogue and scanning notes.

"Ismail is the absent Ismail Merchant, third member of this durable trio that has been making movies for 30 years."

"Ismail is the absent Ismail Merchant, third member of this durable trio that has been making movies for 30 years."



Jhabvala and Ivory: The art of not being reverent.

them, the Merchant-Ivory team remains the outsider among moviemakers. Jhabvala would appear to be the ultimate outsider: a Jewish child in Hitler Germany, a German emigrant in wartime England, a rather solitary, university-trained, fiction-writing housewife in Delhi.

"The Sword and the Flute," an Ivory film on Indian miniature paintings. The pair had a barely visible track record.

"I never occurred to us that Ruth wouldn't do it," Ivory said. The two men had formed a partnership earlier that year in New York after Merchant had seen

"I never occurred to us that Ruth wouldn't do it," Ivory said. The two men had formed a partnership earlier that year in New York after Merchant had seen

PEOPLE

Stallone Sells a Ranch, Buys in Skiing Country

Sylvester Stallone has been busy in the real estate market. He is part of a group that is buying 160 acres in the Colorado ski town of Telluride, having sold his 23-acre White Eagle Ranch in northern California for \$4 million, instead of the original 1990 asking price of \$7.95 million.

A U.S. District Court judge in New York dismissed the final arguments from Leona Helmsley's lawyer and set March 18 for the resentencing of the 71-year-old hotel queen for tax evasion. Judge Thomas Griesa said his ruling would not substantially change Helmsley's original sentence to four years in prison and a \$7 million fine on her 1989 conviction.

Queen Elizabeth chose an environmental theme for her Commonwealth Day address, making her sound a bit like her son Prince Charles. "The living world is a God-given heritage and we have to be more responsible in our stewardship of it," the queen said in an address to the 50 countries of the Commonwealth, read at Westminster Abbey by Chief Executive Ananya, secretary general of the Commonwealth.

A nursing society is honoring the actress Audrey Hepburn for promoting children's health around the world as UNICEF's goodwill ambassador. She was cited for her "empathy with children in need," by Beth C. Vaughan-Wrobel, president of the Sigma Theta Tau International, a 160,000-member group.

TODAY'S BUSINESS MESSAGE CENTER
Appears on Pages 3 & 7

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